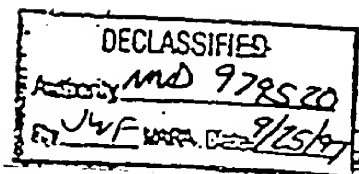


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NATIONAL SECURITY COUNCIL

ACTION

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September 26, 1975

MEMORANDUM FOR SECRETARY KISSINGER

FROM: EA - Philip C. Habib
SP - Winston Lord
NSC - Richard H. Solomon

SUBJECT: Your September 28 Working Dinner with
PRC Foreign Minister Ch'iao Kuan-hua

You will be hosting a working dinner for PRC Foreign Minister Ch'iao Kuan-hua on Sunday, September 28. The session, which will be held in your suite in the Waldorf Towers, begins at 8:00 p.m. (EA is sending you a scenario for the dinner in a separate memorandum.)

Purpose of the Session

You last met with Foreign Minister Ch'iao during your November, 1974 trip to Peking -- having hosted a working dinner for him at the U.N. the preceding October. Since that time you have sustained your official dialogue with PRC officials through desultory and unresponsive contacts with PRC Liaison Office Chief Huang Chen. The present session will provide you an opportunity to review the full range of world developments of the past year with your interlocutor of the Shanghai Communique negotiations. Presumably Ch'iao will be more expansive in his comments on various issues than Huang Chen has been. (For your reference, we include here at Tab A the transcript of your October 2, 1974 dinner conversation with Ch'iao.)

The present working session will be of particular importance in setting the mood for your October advance trip to Peking, and the President's December summit meeting with PRC leaders. While you will want to make international issues the major focus of the discussion, the Chinese will be anticipating some indication from you of the position the Administration will take this fall on bilateral issues, particularly those related to normalization.

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The Approach

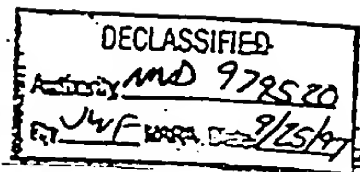
In past sessions of this type you have chosen to lead off with a review of various international issues. We believe this remains an appropriate tack, as the geopolitical situation clearly remains the driving force in our relationship, and the Chinese seem increasingly concerned about our "strategic passivity." The global picture also establishes a larger and relatively constructive framework for low-key reference to unresolved and contentious bilateral issues.

During the past year the international pressures which the Chinese have been seeking to deal with through their diplomatic contacts with the U.S. have become more complex. In the wake of the spring Indochina events and the CSCE agreement in Helsinki early this summer, Soviet maneuverings against the PRC have increased. The Russians are now pressing Brezhnev's notion of an Asian Collective Security arrangement with heightened vigor, while at the same time strengthening their military posture against China (through deployment of advanced fighter aircraft along the Sino-Soviet frontier, and by conducting major sea and land exercises targeted against the PRC). In turn, the Chinese have pressed their "anti-hegemony" ~~diplomacy, most obviously in the peace and friendship treaty~~ negotiations with the Japanese. As well, they have shown a heightened interest in Western Europe.

Developments in Cambodia and Vietnam this spring substantially reduced the American presence on China's southern frontier -- while in the process complicating our diplomacy with Peking and at the same time subjecting the PRC to a range of new concerns as Hanoi and Moscow maneuver in the fluid Indochina context. The Chinese are also contending with increased pressures from the North Koreans for a change in their circumstances, as was indicated first by Kim Il-song's rush trip to Peking in mid-April and more recently by the late September visit to Pyongyang of a high-ranking PRC delegation (headed by leading Party figure Chang Ch'un-ch'iao).

Ch'iao will probably be unresponsive to any probes on your part regarding the political complexities of the situation in Vietnam and Cambodia; and he is likely to take the usual "we support our allies" line in commenting on Korea. On the other hand, he will press for information on your negotiating efforts in the Middle East and will be

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interested in the state of our relations with Japan and Europe. The Subcontinent and Gulf States will also be areas of concern to him. While Ch'iao will not press you on developments in Soviet-American relations, he will obviously be particularly interested in the reasons for delay of the Brezhnev summit. The state of the current SALT round, and our real view of the European security situation in the wake of Helsinki will also be of interest. (Teng Hsiao-p'ing has attacked the CSCE agreement in his recent meetings with various foreigners, including Ted Heath.) At the same time, Ch'iao is likely to disparage any suggestion that the Russians are increasing their political and military pressures against the PRC, and maintain the line that the immediate danger is to the West and Japan.

In this context, in your discussion of world developments, you will want to:

- Reaffirm the strong international role the U.S. intends to continue to play, citing our progress in such areas as relations with the allies and the Middle East;

- Explain once again our strategic posture toward the Soviets, without, however, overdoing the now-familiar presentation you have used in the past with the Foreign Minister;

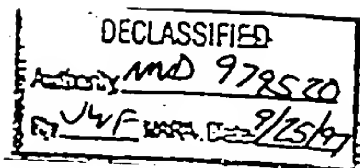
- Preview prospects for key areas of the globe; and

- Probe for any shifts in Chinese attitudes on such issues as the Soviet Union, Japan, Southeast Asia, and Korea.

Our bilateral relations with the PRC are superficially in good shape, as both governments see the relationship as useful to their international security concerns. At a popular level, however, we are frankly concerned that the mood of support for normalization in the U.S. is increasingly shaky -- although this situation has not yet crystallized in our public debate as a problem area in the Administration's foreign policy. When it comes time to confront the hard issues associated with normalization, however, we are likely to find that the base of public support has softened considerably since 1971-72.

Trade is down more than 40% this year over 1974 (largely because of an absence of Chinese grain purchases); and the recent visit of

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the China Council for the Promotion of International Trade delegation produced nothing in the way of strengthening of institutional ties for the conduct of our commercial dealings with the PRC. The exchange program limps along, degraded by political game-playing on the part of the Chinese (as in the Taiwan "liberation" song exercise of the spring, and the recent flap over the composition of the U.S. mayors delegation). The intellectual community is increasingly waspish on U.S.- PRC relations; and even Congressmen who have hungered for a visit to China are returning from the PRC banquet circuit with mixed views.

In several respects this fading of the "China fever" of 1971-72 is a healthy thing, although as time passes the good will which has greased the political skids of the normalization process is dissipating. We are not certain what the country's China mood will be like in two or three years.

On the Chinese side, Teng Hsiao-p'ing's public comments of early June about a willingness to receive President Ford this fall even if he has no major business to transact (a line which the Chinese are now propagating in confidential Party study sessions) indicates that Peking wants to sustain its present relationship with the U.S. even in the absence of progress on bilateral issues. At the same time, the problems in our exchange program and signs of debate in PRC media on policy toward the Soviet Union, indicate that there are political pressures in China against a strengthening of U.S.- PRC relations.

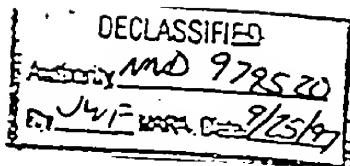
In this context, your comments to Ch'iao on U.S.- PRC relations should seek to:

-- Reaffirm the commitment of the Administration to the normalization process.

-- Indicate that you intend to talk about normalization issues in Peking, while noting in a non-defensive manner that the existing problems which impede normalization must be worked at step-by-step on a mutual basis.

-- Emphasize the value to both sides of partial measures toward the goal of full normalization so as to sustain the momentum of the process and undercut doubts abroad about the durability of our present relationship.

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-- Draw out Ch'iao, if possible, on Chinese thinking regarding the normalization process and what they might like to see happen during the Ford trip.

Following are sections which provide talking points for the various international and bilateral areas which you will want to cover during the evening. At the end are a few housekeeping items you will want to review with Ch'iao.

Also included in this book for your background are:

-- A copy of Ch'iao's speech of September 26 to the U.N. General Assembly with a brief analysis (Tab B).

-- A CIA study of Ch'iao's diplomatic style and past dealings with Americans which we thought you might find of interest (Tab C).

-- Our memo to you of August 4 on "half steps" in the normalization process (Tab D), although we do not believe you should get into this kind of detail during this dinner session.

-- Our strategy memo for the President's trip of September 18 (Tab E).

-- A briefing memo on the Fluor Corporation's Petrochemical Project in Hong Kong (in case Ch'iao should mention this issue) at Tab F.

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